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C O N F I D E N T I A L CARACAS 002644

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SUBJECT: CHAVEZ CAMPAIGNS ON THE PUBLIC'S DIME IN REFERENDUM

REF: CARACAS 02316

Classified By: POLITICAL COUNSELOR ABELARDO A. ARIAS FOR REASON 1.4 (D)

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SUMMARY  
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1. (C) Using state finances and manipulation of the structure established in the media accords, President Hugo Chavez mounted a much more impressive campaign in the referendum than the opposition. Pro-government advertising and propaganda filled Venezuelan newspapers, overshadowing the little opposition advertising to be found. The government hijacked the public purse to buy hundreds of pages of pro-Chavez, pro-"revolutionary" propaganda, a tactic the opposition could not match. On the electronic front, more opposition ads finally began getting through the CNE to be aired on private TV stations in early August, though still lagging behind the number of pro-Chavez ads. The opposition, however, had an edge in private TV and print media outlets in terms of editorial and opinion pieces, as well as in overall media coverage of the Chavez government and the referendum. END SUMMARY.

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PRINT ADVERTISING & PROPAGANDA  
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2. (U) While Venezuela's four main private television channels have lost money throughout the presidential recall referendum campaign because of Chavez's use of presidential "cadenas," most of the print media--many of them pro-opposition--have profited from campaign advertising and government "announcements." Full page color advertisements often run under the innocuous banner "Venezuela: Ahora Es Para Todos" (Venezuela: Now It's for Everyone). At times warm and fuzzy, non-offensive, and not overtly-political (think Reagan's "Morning in America" campaign), they extol the virtues of the government's social and economic programs, especially the missions. The message is clear enough: These benefits are brought to Venezuelans thanks to President Chavez. The announcements are thinly-veiled pro-revolution advertisements funded by government ministries and agencies.

3. (C) According to internal tracking research by El Nacional newspaper, the biggest government advertisers in seven leading newspapers are: the Ministry of the Secretary of the Presidency; the National Electoral Council (whose advertising tends to focus on the voting process and is, therefore, not political in the same way as others), and state oil company PDVSA. Other big spenders include the governments of the State of Miranda, the Office of the Mayor of Caracas, SENIAT (the tax authority), and the ministries of Finance, Energy and Mines, and Defense. The ads covered in the research are not all political, but PAS monitoring confirms that many of the entities listed above regularly run ads related to the Chavez's anti-recall campaign.

4. (C) By far the biggest beneficiary of the government's spending spree has been Ultimas Noticias, a working class news tabloid (in the vein of New York's Post or Daily News), which leans moderately toward the president in its editorial positions. 67% of the public-sector print advertising expenditures, for a total of almost 1,000 pages (92,500 column centimeters) in July alone, went to Ultimas Noticias, according to the El Nacional research. A senior executive of Cadena Capriles, which publishes Ultimas Noticias, reported that 75% of the company's July revenue (\$2,083,333 at the official exchange rate) resulted from government advertising. At this point, the executive said, Ultimas Noticias is only accepting these ads, turning away private-sector clients.

5. (C) Other newspapers have also profited from the government's splurge on the anti-recall campaign, but to an exponentially lesser degree. In second place, El Universal

has garnered approximately 16% of public sector advertising, followed by El Nacional (10%), Diario 2001, El Globo, and Meridiano (each with 2%), and El Mundo (1%).

16. (C) PDVSA, despite being only the third most spendthrift public-sector advertiser, was the most notable advertiser, with daily, color, full-page ads in at least one newspaper, and usually in several. The ads took one of two tactics: either PDVSA as reporter, or PDVSA as missionary. As reporter, PDVSA informed the Venezuelan public about newsworthy events involving the president (one of his meetings with Argentine President Nestor Kirchner, for example). This type of ad consists of a full-page ghosted picture of Chavez in a commanding pose or shaking the hand of a foreign dignitary, with a printed report over the picture. In the others, PDVSA promoted Chavez's social missions and the use of Venezuela's oil riches for "the people." According to the El Nacional study, 72% of the oil company's July advertising ran in Ultimas Noticias, 19% in El Nacional, and 9% in El Universal, for a total of 137 pages.

17. (C) Chavez's Comando Maisanta and his Fifth Republic Movement (MVR) also ran daily ads in most newspapers featuring the president and "No" slogans, often half pages in the broadsheets but also multiple fractionals sprinkled throughout a newspaper. Compared to the pro-Chavez camp's healthy, full-color advertising campaign, the opposition's print campaign was meager at best. "Si" advertising appeared in the form of one or two small, black and white fractionals in each paper. Easy to miss due to poor design and infrequency, the "si" ads were easy to miss and easy to forget.

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TELEVISION UPDATE  
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18. (C) Private television executives charged that the National Electoral Council (CNE) held back most opposition TV advertising until the end of July. Under the media accords that governed the electronic media campaign, the CNE approved the content of all TV ads before they went to the stations with the understanding that each side would have three (later changed to seven) minutes on each network each day, to be paid in credit by the CNE. The CNE, however, approved many "no" ads while approving only one "si" spot for most of the month of July. The situation improved for the opposition as of August 10, when RCTV and Venevision received and aired 12 of Coordinadora Democratica's spots and received 20 approved "no" spots. Televen received 19 "si" spots and 39 "no" spots in the final stretch.

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COMMENT  
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19. (C) Chavez and his government never intended this campaign to be a fair fight, and they got their wish. Despite having an edge in terms of editorial coverage and opinion pieces in the private media, under the media agreement the opposition was handicapped from the beginning by the CNE's requirement for approval of all television advertising, while the Chavistas suffered no such delays. As for the print media, it has been plain to anyone gleaning a Venezuelan newspaper that the state funded the Chavez campaign.  
Shapiro